



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210

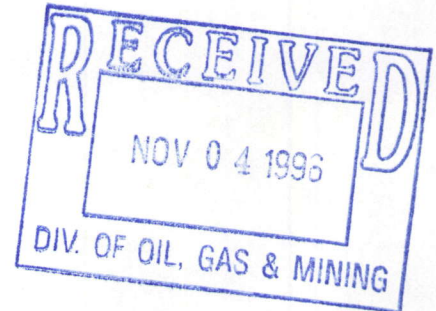
Michael O. Leavitt
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801-359-3940 (Fax)
801-538-5319 (TDD)

October 21, 1996



CERTIFIED RETURN RECEIPT
P 074 976 557

Neal J. Mortensen
Vice President
Western Clay Company
P.O. Box 127
Aurora, Utah 84620

Re: Amendment to Large Mining Notice of Intention, Western Clay Company (WCC), Hebe Gypsum Mine, M/015/072, Emery County, Utah

Dear Mr. Mortensen:

The Division has reviewed your October 18, 1996, telefaxed copy of an amendment to your current Large Mining Notice of Intention for the Hebe Gypsum Mine. You spoke with Wayne Hedberg of my staff on October 18th regarding our conditions for accepting this latest notice. In recognition of the extenuating circumstances surrounding WCC's urgent need to meet their contractual commitments, the Division will allow you to proceed with the proposed amendment under the following conditions:

1. A \$15,000 reclamation surety must be posted with our office before any additional onsite disturbance occurs. This will be an *interim* surety posted to cover projected reclamation costs for roughly 5 acres of existing and proposed surface disturbance (not including the disturbance associated with the existing access road/BLM right-of-way). The interim surety will remain in place until a revised reclamation surety amount is approved for the proposed large mining operation NOI, or until the site is reclaimed. The form of reclamation surety must be either a cashier's check or an Irrevocable Letter of Credit (ILOC form enclosed) made out to the Utah State Department of Natural Resources, Division of Oil, Gas and Mining. Additional surface disturbance will be restricted to the requested 2.267 acre amendment area.
2. WCC must revise the large mining permit application to include this amended area as part of its response to our September 27, 1996, review letter. WCC must provide the Division with a technically complete Large Mining Operation permit application for the Hebe Gypsum Mine within 90 days of your receipt of this letter. Failure to meet this timeframe will cause the Division of Oil, Gas and Mining to issue a Notice of Agency Action/Order to Show Cause against WCC. This agency action could result in a formal hearing before the Board of Oil, Gas and Mining. The Board may issue an Order requiring the termination of mining activities, forfeiture



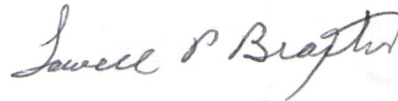
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of the interim surety, and immediate reclamation of all mining-related disturbances at the Hebe Gypsum Mine.

3. WCC must conduct its mining activities in compliance with the applicable Minerals Rules performance standards (Rules R647-4-107 and R647-4-111, Operational and Reclamation Practices). In addition, WCC must comply with all stipulations and requirements of the Bureau of Land Management (BLM) and any other pertinent governmental entities having jurisdiction over your mining activities. A copy of any supplemental permitting information sent to the BLM must also be provided to our office.

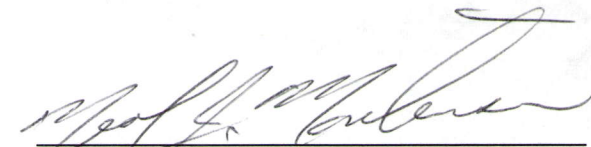
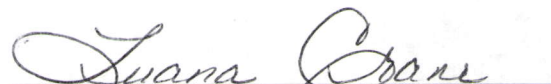
Questions or concerns regarding these conditions should be directed to Pam Grubaugh-Littig at (801) 538-5268 during the week of October 21-24, 1996. After the 24th, please contact me, Wayne Hedberg or Tony Gallegos of my staff. Acceptance of these conditions must be made by notarized signature below and returning a copy to this office along with the surety.

Sincerely,



Lowell P. Braxton
Deputy Director

jb
Enclosures: ILOC form
cc: Mary Ann Wright, DOGM
Neil Simmons, BLM, Price RA
{Two original letters sent}
M015072.amd


Neal J. Mortensen, Vice President
Western Clay Company
Notary Signature and Seal